

Date: May 27, 1999

**To: Heidi King, Office of Management and Budget (OMB)
Sandy Zavolta, Environmental Protection Agency (EPA)**

From: Kevin Bromberg, Office of Advocacy, Small Business Administration (SBA)

**Subject: IUR - Natural Gas/ Fuels Exemption;
Regulatory Thresholds**

A. Fuels Exemption

Based on the meeting yesterday, I propose that EPA include two deregulatory actions in the draft proposed IUR rule: (1) raise the initial threshold to 25,000 pounds (or some other higher threshold) and (2) exempt from the IUR specifically named chemicals which are the top eight chemicals by number of reports in the 1994 IUR database. These are: natural gas, propane, dried natural gas, butane, 2-methyl propane, gasoline, methane and ethane. These represent roughly 2,000 of the 19,000 reports included in the data diskette provided to SBA (some CBI records were excluded).

EPA has collected production volume data for these chemicals in five previous Chemical Inventory updates. These chemicals are used almost entirely as fuels, and the agency has acknowledged that fuel streams will be required to report only production volume information. However, there is little benefit to updating volume data for these chemicals because production volumes are not as variable as other chemicals in the Inventory. Furthermore, collection of production volume data for these chemicals on five previous occasions, to our knowledge, has not caused EPA to initiate risk management procedures. Flammability risks are already addressed by national, state and local requirements (fire code and other requirements).

If EPA agrees with this rationale, the agency should move forward and make this proposal, as it would agree that this data, at least for now, has no "practical utility", at this time. If the agency later finds a need or use for this data, it may amend the rule at a future date. At a cost of \$1200 per report (baseline costs of \$700 from Economic Analysis, Table III- 7 and incremental cost of new partial report \$500 from Table III-14) and \$2.5 million in total dollars, this revision would be a welcome regulatory reinvention measure and paperwork reduction effort. (If some of the fuels were reported as CBI, the total dollar figure would rise.)

Alternatively, if EPA wishes to obtain data on these fuels, it likely would be equally effective, and much more cost-efficient to obtain national production data on these fuels from the American Gas Association and the American Petroleum Institute. To our knowledge, there is no reason why facility-level information would be needed by EPA to analyze flammability risks from fuels (or global warming analyses). We know of no other risks that these chemicals raise that warrant facility-level information.

B. Reporting Thresholds Analysis

Using the diskette supplied by EPA, we have found the following number of reports that exceed the applicable thresholds shown below.

Threshold (pounds)	Number of Reports Exceeding Threshold*
100,000	7,430
50,000	7,963
35,000	8,317
25,000	8,632

*There are 19,310 records in the 1994 IUR database provided to SBA, of which 9,776 are zero production volume (presumably those are CBI chemicals with the volumes set to zero). Many of these 9,776 reports would also be captured by the above thresholds.

This implies to us that there may be very little loss in the number of reports between 25,000 and 100,000 pounds, using the first threshold (partial reports). Therefore, it is more important that EPA complete the requested analysis on the number of reports, costs, etc. for partial thresholds in excess of 25,000 pounds. It is difficult to justify a given threshold (e.g. 25,000 pounds) when this threshold is at the highest end of the analysis, rather than being bracketed by higher and lower figures.